

MASSACHUSETTS

DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

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**FY 2005**  
**Massachusetts Community**  
**Development Block Grant**  
**Program**

**PLANNING WITH CDBG**

*Technical Assistance Guide*



Mitt Romney, Governor  
Kerry Healey, Lieutenant Governor  
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## **PLANNING WITH CDBG**

Cities and towns are encouraged to use Community Development Block Grant (CDBG) funds for a wide range of planning activities. These activities generally consist of community or neighborhood plans and feasibility studies designed to help cities and towns determine implementation strategies for activities that may be undertaken in the future.

All proposed planning activities must directly address a need or problem stated in the application and outlined in its Community Development Strategy, be eligible under the provisions of Title I of the Housing and Community Development Act of 1974, as amended; and meet one of two CDBG national objectives<sup>1</sup>.

### **Eligibility**

Title I provides for the eligibility of planning activities at Section 105(a)(12), as follows:

Activities necessary (A) to develop a comprehensive community development plan, and (B) to develop a policy-planning-management capacity so that the recipient of the assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, and (v) carry out management, coordination and monitoring of activities necessary for effective planning implementation.

### **Community or Neighborhood Plans**

Some examples of eligible community or neighborhood planning activities include:

- Needs assessment to determine gaps in a community's social services delivery system and develop specific strategies to fill those gaps,
- A comprehensive community development plan,
- Affordable or substandard housing studies and plans, including needs assessment and development of action plans to increase affordable housing choices for low- and moderate-income persons,
- Pre-development plans for a vacant site or building,

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<sup>1</sup> Planning-only activities cannot be done on the basis of addressing an Urgent or Critical Community Need, the third CDBG national objective.

- A study of zoning changes that could facilitate private production of affordable housing units, including the development of proposed ordinance language that can be presented to the community's legislative body,
- Historic property surveys required to establish the eligibility of a National Register District, and historic preservation planning projects, and
- Architectural design guidelines for a commercial district.

In addition, an applicant must demonstrate that the proposed planning project addresses needs outlined in its Community Development Strategy.

### **National Objective**

Eligible planning studies include new or previously unaddressed local problems, **but not ongoing planning efforts**. Applicants must demonstrate that the proposed planning activity, and ultimately the plan if implemented, will (a) benefit low- and moderate-income persons or (b) aid in the prevention or elimination of slums and blight. National objective can be demonstrated in the following ways:

- Planning activities for a community or the target (study) area in which 51% or more of all residents are low- and moderate-income will be categorically deemed to meet a national objective if it can be demonstrated that the focus of the study involves unmet needs among low- and moderate-income persons.
- Planning activities for a blighted area will meet a national objective if the study is limited to the blighted target area and the scope of the planning activity will lead to the implementation of a project intended to address conditions that contribute to slums or blight.
- Planning activities for a blighted property (spot blight) will meet the national objective if they are confined to a strategy or necessary professional services to eliminate health and safety hazards.

It is more difficult for a planning activity meet one of the low- and moderate-income benefit national objective methods when the activity is not for an area with 51% or more low- and moderate-income persons. For example:

- A study of substandard housing conditions and strategies to address them can meet a national objective as a planning-only activity because future implementation involves CDBG-eligible activities (code enforcement, rehabilitation) and it can readily demonstrate national objective compliance as a housing activity, where the benefits are confined to low- and moderate-income occupants of deteriorated housing stock.

*However*, a study to determine the feasibility of developing tourist attractions cannot meet a national objective as a planning-only activity because it would be too preliminary to assume that implementation would be likely. Further, it would be nearly impossible to link created jobs (if any) to the scope and achievements of the planning activity.

### **Program Design Considerations**

The planning activity design should account for how consulting services will be procured and what the scope of services will entail. The Application Activity Packet requires a detailed work plan that explains all aspects of the planning program, clarifies the responsibilities of the consultant and those of the community, and provides a completion timeline. DHCD assumes that the approved work plan in the application will become the “Scope of Services” in a grantee’s Request for Proposals for consultants.

The FY 2005 Application Package includes an Activity Packet for planning projects. The application requires the applicant to discuss:

- Why the activity is needed, how the need was determined, why CDBG funds are needed, and what other sources of funding were investigated;
- How far along the community is in the design of the planning project and selection of a consultant to do the work; a delineation of the time it will take to accomplish each step, including procurement of the consultant, in the planning process within the 18-month grant period; and the degree of public support for the project which would increase the likelihood it may be implemented – applications that include detailed scopes of services and take into account the consultant procurement process will be more competitive; and
- The benefits anticipated from implementation of the project, both in terms of the planning process itself and of the product of that process; resources leveraged, both in cash and in-kind; and the impact of the plan, if implemented, on the Commonwealth’s Sustainable Development Principles.

Community and Neighborhood Planning activities encourage communities to plan for and implement projects that are consistent with or advance the Commonwealth’s Sustainable Development Principles including re-using existing buildings and infrastructure, increasing housing opportunity, decreasing expansion into undeveloped territory, enhancing and conserving natural resources, decreasing dependence on automobiles, increasing job opportunities, and promoting regional approaches to the issues facing the Commonwealth’s residents. In thinking about proposed planning projects, and in answering the questions posed in the application packet, communities should explicitly discuss how the plan, if implemented, would balance the issues of development and conservation and pro-actively address the Commonwealth’s Sustainable Development Principles.

## **Administration**

Communities *may not* apply to use General Administrative funds for planning purposes in order to avoid documenting national objective compliance. In addition, CDBG funds cannot be used to pay municipal staff to complete the plans, but must be used to secure the services of an outside consultant.

General Planning is eligible as an Activity (Program) Cost. This is not a General Administrative function. If applying for a Community Development Fund grant, a portion of the General Administrative budget can be used to pay the cost of overseeing a planning activity, such as a share of a town planner's or CDBG program manager's time to supervise consultants who are being paid from the Planning Activity account.

## **Special Grant Cap Rules**

Community Development Fund and Ready Resource Fund applicants may apply for planning-only grants with a minimum amount of \$20,000. There is a \$50,000 upper limit to planning grants under the Economic Development Fund (EDF); CDF has no upper limit on planning grants. However, there are two limitations on planning grants:

- Communities cannot apply for funds to perform a feasibility study for a project and for the design of that project in the same fiscal year. Communities may, under feasibility: perform environmental assessments of sites, including perc tests and test wells; pay for the development of schematic designs; and fund preliminary cost estimates. A community may only go further into design if and when it selects a particular site to develop.
- Normally CDF II communities cannot be funded in successive grant years. However, CDF II communities that apply for a planning or design grant in one year may apply for construction funding for the same project the next year. The maximum CDF II grant amount allowed for construction will be reduced by the amount of the previous year's planning/design grant award.

## **Summary**

Planning activities can be a useful tool for increasing citizen involvement in community projects, especially those that stand to yield a direct benefit to low- and moderate-income residents. DHCD recognizes the importance of citizen involvement in municipal and regional planning activities, and encourages grant seekers to address this in their planning projects.